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TAGS: [PREL](#) [ECIN](#) [ETRD](#) [XE](#) [JA](#) [CH](#)
SUBJECT: CHINA CAUTIOUS ON ASEAN+6 TRADE PROPOSALS

REF: BEIJING 9501

CLASSIFIED BY: POLITICAL MINISTER COUNSELOR DANIEL
SHIELDS. REASONS 1.4 (B/D).

¶1. (C) SUMMARY: CHINA IS REACTING CAUTIOUSLY TO JAPAN'S PROPOSALS FOR AN ASEAN 6 FREE TRADE AGREEMENT AND OTHER EFFORTS TO INCREASE REGIONAL INTEGRATION. FURTHER DECISIONS ON SUCH STEPS COULD COME AT DECEMBER'S EAST ASIAN SUMMIT, BUT CHINA WILL CONTINUE TO LET ASEAN TAKE THE LEAD, FOREIGN MINISTRY OFFICIALS TOLD US. OUR CONTACTS PREDICT THAT CHINA WILL NOT REACT PUBLICLY BUT MAY RESIST WHAT THEY SEE AS JAPAN'S EFFORTS TO FORMALIZE AN ASEAN 6, WHICH WOULD BE THE EAST ASIAN GROUPING MOST FAVORABLE TO JAPAN'S INTERESTS. END SUMMARY.

¶2. (C) CHINA IS CAUTIOUSLY STUDYING PROPOSALS PUT FORWARD BY JAPAN AT LAST WEEK'S ASEAN ECONOMIC MINISTERS MEETING FOR AN ASEAN 6 FREE TRADE AGREEMENT AND A NEW OECD-LIKE REGIONAL GROUPING. CHINA IS STUDYING HOW JAPAN'S NEW PROPOSALS INTERACT WITH AND OVERLAP WITH PREEXISTING REGIONAL ARCHITECTURE, MFA

ASIAN DEPARTMENT ASEAN DIVISION DEPUTY DIRECTOR ZHU JUN TOLD POLOFF AUGUST 28. A FURTHER STATEMENT OF CHINA'S POSITION WILL LIKELY AWAIT STATEMENTS BY LEADERS AT DECEMBER'S EAST ASIA SUMMIT (EAS) BECAUSE THE EAS "LEADERS-LED FORUM" IS THE PREEXISTING ASEAN 6 STRUCTURE, SHE SAID.

"WHAT'S UNIQUE ABOUT ASEAN 6"?

¶3. (C) WHILE MAINTAINING AN OPEN MIND, CHINA'S PRELIMINARY VIEW IS THAT ASEAN 6 SHOULD NOT DUPLICATE PRE-EXISTING GROUPINGS, SUCH AS APEC, ASEAN, ASEAN 3 OR THE ASIA-EUROPE MEETING (ASEM), ZHU SAID. JAPAN CLEARLY ATTACHES IMPORTANCE TO THE EAS AND THE NEW PROPOSALS ARE PART OF AN EFFORT TO EXPAND THE IMPORTANCE OF ASEAN 6, SHE SAID. CHINA HAS NO INTENTION TO CRITICIZE JAPAN FOR EMPHASIZING A REGIONAL GROUPING THAT BENEFITS ITS INTERESTS, SHE SAID, BUT NEEDS TO RESEARCH THE PROPOSALS TO SEE HOW FEASIBLE THEY ARE.

¶4. (C) MFA ASIAN DEPARTMENT SOUTHEAST ASIA DIVISION DIRECTOR CHEN DEHAI TOLD POLOFF THAT FORMATION OF AN

ASEAN ECONOMIC COMMUNITY WILL BE CHALLENGING BECAUSE, UNLIKE IN THE EUROPEAN UNION, THE CULTURES, ECONOMIES AND INTERESTS OF ASEAN 3 MEMBER STATES DIFFER SIGNIFICANTLY. ZHU AGREED, ADDING THAT WIDE VARIATION IN ECONOMIC DEVELOPMENT AMONG THE ASEAN 6 COUNTRIES COULD MAKE AN FTA "TECHNICALLY DIFFICULT." MOREOVER, CHINA, JAPAN AND SOUTH KOREA ARE EACH PURSUING THEIR OWN ASEAN 1 AGENDAS, INCLUDING FREE TRADE AGREEMENTS, CHEN ADDED (REFTEL). CHINA HOPES TO FURTHER ITS OWN SPECIAL RELATIONSHIP WITH ASEAN IN OCTOBER, WHEN ASEAN HEADS OF STATE VISIT SOUTHERN CHINA'S GUANGXI PROVINCE FOR A COMMEMORATION OF THE 15TH ANNIVERSARY OF CHINA-ASEAN RELATIONS, CHEN NOTED.

CHINA LETTING ASEAN TAKE THE LEAD IN EAST ASIAN SUMMIT

15. (C) CHINA'S ATTITUDE TOWARD THE COMING EAST ASIAN SUMMIT IS SUMMARIZED IN FOUR POINTS, ZHU ADDED. FIRST, CHINA WILL LET ASEAN PLAY A LEADING ROLE. THIS IS IMPORTANT TO CONTRIBUTING TO A STABLE ENVIRONMENT WITHOUT CHINA'S DOMINATION OF THE PROCESS, WHICH WOULD PRODUCE RESISTANCE, SHE SAID. SECOND, CHINA WILL MAINTAIN A FLEXIBLE AND OPEN ATTITUDE AND URGE THE EAS TO LEARN FROM OTHERS' EXPERIENCES. THIRD, THE SUMMIT SHOULD ADHERE TO THE TWO DECLARATIONS ADOPTED LAST YEAR AT THE FIRST EAS SUMMIT. FINALLY, CHINA IS FLEXIBLE ABOUT PARTICIPATION BY OTHER NATIONS THAT HAVE SHOWN AN INTEREST. CHINA DOES NOT OPPOSE THE UNITED STATES OR THE EUROPEAN UNION BECOMING OBSERVERS AT THE EAS AND JOINING IN MINISTERIAL MEETINGS AND IT SUPPORTS RUSSIA'S APPLICATION TO PARTICIPATE AT THE EAS, SHE SAID.

SCHOLAR: ASEAN 6 IS JAPAN'S PREFERRED ARCHITECTURE

16. (C) JAPAN'S PROPOSALS TO ESTABLISH AN EAST ASIA PARTNERSHIP AGREEMENT, INCLUDING A FREE TRADE ZONE, ARE PART OF A JAPANESE EFFORT TO FIND A REGIONAL ORGANIZATION IT CAN LEAD, CHINA ACADEMY OF SOCIAL SCIENCES SCHOLAR JIN XIDE TOLD POLOFF. ASEAN 6 IS THE IDEAL GROUPING FOR JAPAN WITHIN EAST ASIA AND PROPOSALS THAT EMPHASIZE FREE TRADE ISSUES PLAY TO JAPAN'S STRENGTHS, HE SAID. CHINA'S PEOPLE'S DAILY EDITORIALIZED AUGUST 26 THAT JAPAN IS EAGER TO ESTABLISH A FREE TRADE AGREEMENT TO MAINTAIN ITS DOMINANT POSITION IN EAST ASIA. THE EDITORIAL SAID JAPAN WAS "SCRAMBLING" TO CONTAIN CHINA AND SOUTH KOREA AND TO RESTRICT ASEAN BY ADDING THREE NEW MEMBERS TO THE EAST ASIAN GROUPING TO ADVANCE ITS OWN INTERESTS.

17. (C) JIN PREDICTED THAT CHINA WILL TAKE A "WAIT AND SEE" ATTITUDE TOWARD THE LATEST PROPOSALS BECAUSE IT DOES NOT THINK ASEAN MEMBERS WILL AGREE TO THEM. "WHATEVER CHINA SAYS, IT WILL LEAVE EITHER JAPAN OR ASEAN UNHAPPY," JIN CONCLUDED. THE PEOPLE'S DAILY WAS MORE BLUNT, SAYING THAT CHINA AND ASEAN WOULD OPPOSE THE 10 6 MODEL AGAIN, AS THEY HAVE IN THE PAST, TO THWART WHAT IT CALLED A JAPANESE POLITICAL AGENDA THAT "INCREASES THE CONCERNS OF EAST ASIAN COUNTRIES."

SEDNEY